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# Iowa Legislative Services Agency Fiscal Services

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## Revitalize Iowa's Sound Economy (RISE) Program

### ISSUE

This *Issue Review* provides background on the Revitalize Iowa's Sound Economy (RISE) Program and the recent changes in RISE funding provided in HF 932 (TIME-21 Fund Act).

### AFFECTED AGENCIES

Department of Transportation  
City and County Governments

### CODE AUTHORITY

Chapter 315, Code of Iowa  
Section 313.2A, Code of Iowa  
2005 Acts, Chapter 178, § 41  
761 IAC, Chapter 163

### BACKGROUND

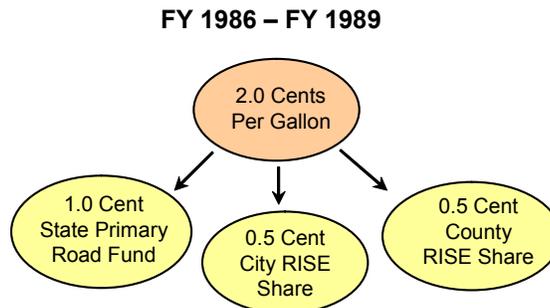
The RISE Program was implemented in FY 1986, and is used for the establishment, construction, improvement, and maintenance of roads and streets that promote economic development in the State.

Cities and counties submit applications for RISE funding to the Transportation Commission for approval. The funds can be used for two types of projects:

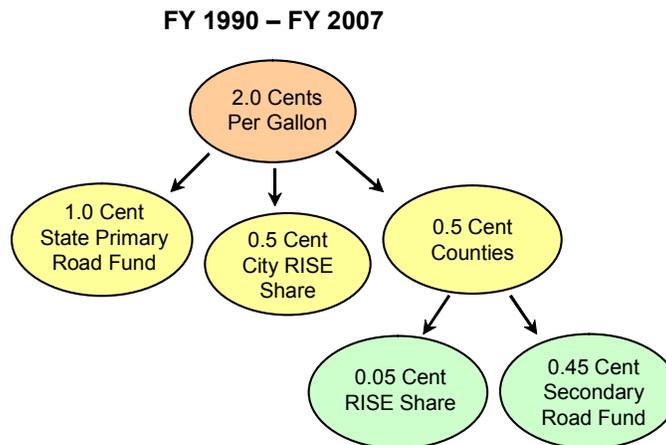
- **Immediate Opportunity Projects:** Projects requiring an immediate funding commitment to secure developers or firms in the location of business facilities that will result in permanent job creation or retention. Applications are submitted on a year-round basis. These projects typically have first priority for all available RISE funds.
- **Local Development Projects:** Projects that support local economic development efforts but do not require an immediate commitment of funds. The projects are selected through a competitive evaluation process conducted semiannually.

A portion of the RISE funds are allocated for State projects and are deposited directly into the Primary Road Fund and are not part of the RISE Program.

When originally established, the Program was funded through a Road Use Tax Fund allocation in an amount equal to 2.0 cents per gallon from the excise tax on motor fuels and special fuels. From FY 1986 – FY 1989, this amount was allocated to the State, cities, and counties as shown in the chart below.



After establishment of the RISE Program, it was determined that the level of county funding was greater than the need. Legislation was enacted in 1989 to adjust the county portion of the RISE allocation so that a Road Use Tax Fund allocation in an amount equal to 0.45 cents per gallon was redirected to the Secondary Road Fund for distribution to all counties. The level of funding maintained for the county RISE share (0.05 cents) was deemed sufficient to meet the needs of county projects. The State and city RISE allocations remained unchanged. From FY 1990 – FY 2007, the Road Use Tax Fund allocation in an amount equal to 2.0 cents per gallon from the excise tax on motor fuels and special fuels was allocated to the State, cities, and counties as shown in the chart below.

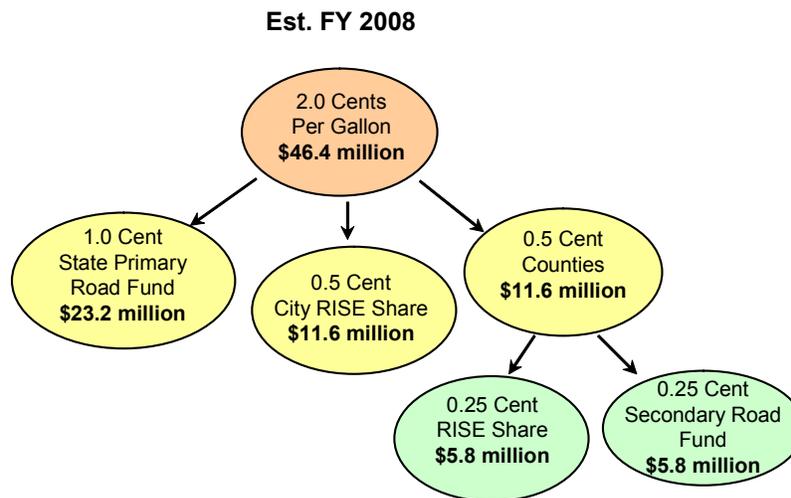


In recent years, the demand for county RISE funding has increased due to the increase in the number of biofuel facilities established in Iowa, resulting in the need for roadway improvements to access the facilities, but the level of RISE funding was not enough to sustain the demand. Beginning in August 2006, the Department of Transportation stopped accepting county applications for one year for both Immediate Opportunity and Local Development projects.

## CURRENT SITUATION

In an attempt to provide additional funding for the county RISE share, the 2.0 cents per gallon funding formula was again modified in 2007. House File 932 (TIME-21 Fund Act) adjusted the Secondary Road Fund portion so that an amount equal to 0.20 cents per gallon was redirected to the county RISE share. As a result, the counties' Secondary Road Fund will realize an estimated decrease of \$4.6 million, while the county RISE share will realize an increase of the same amount for FY 2008. The State and city RISE allocations remain unchanged.

In FY 2008, the Road Use Tax Fund allocation, in an amount equal to 2.0 cents per gallon from the excise tax on motor fuels and special fuels, is estimated to total \$46.4 million. This total is allocated to the State, cities, and counties as shown in the chart below:



Prior to enactment of HF 932, the RISE funds allocated for State projects were to be expended on the Commercial and Industrial Highway Network (CIN),<sup>1</sup> and county RISE funds were to be expended on Secondary Road projects. House File 932 expanded the definitions to include Access Iowa Highways<sup>2</sup> and roadway projects that provide access to biofuel facilities. The Act requires the State and county RISE shares to be spent as follows:

- State RISE Share:
  - 50.0% for highways that support the production or transport of renewable fuels, including primary highways that connect biofuel facilities to highways in the CIN.
  - 50.0% for highways that have been designated by the Transportation Commission as Access Iowa Highways.

<sup>1</sup> The Commercial and Industrial Highway Network (CIN) is a series of highways identified by the Transportation Commission to improve the flow of commerce; make travel more convenient, safe, and efficient; and better connect Iowa with regional, national, and international markets.

<sup>2</sup> Access Iowa Highways is a series of highways within the CIN identified by the Department of Transportation, with consideration given to the direct and priority linkages between economic centers within the State with populations of 20,000 or more.

- County RISE Share: Secondary Road projects, including Secondary Roads that connect biofuel facilities to highways in the CIN.

### Recent RISE Projects

As a result of HF 932 and the estimated additional \$4.6 million directed to the county RISE share, the DOT is able to accept county RISE applications in FY 2008. From August 2007 to October 2007, the Transportation Commission approved eight Immediate Opportunity projects, six of which were for road projects accessing biofuel facilities.

With the exception of a Local Development grant awarded to Tama County, only Immediate Opportunity projects are currently being considered for county RISE funding. The Tama County grant for construction of an interchange on U.S. Highway 30 at the entrance to the Meskwaki Casino was approved in 2005; however, RISE funding was pending the authorization of federal funds that were recently approved.

The following chart shows the RISE grants awarded to counties between August 2007 and October 2007.

#### County RISE Grants August 2007 – October 2007

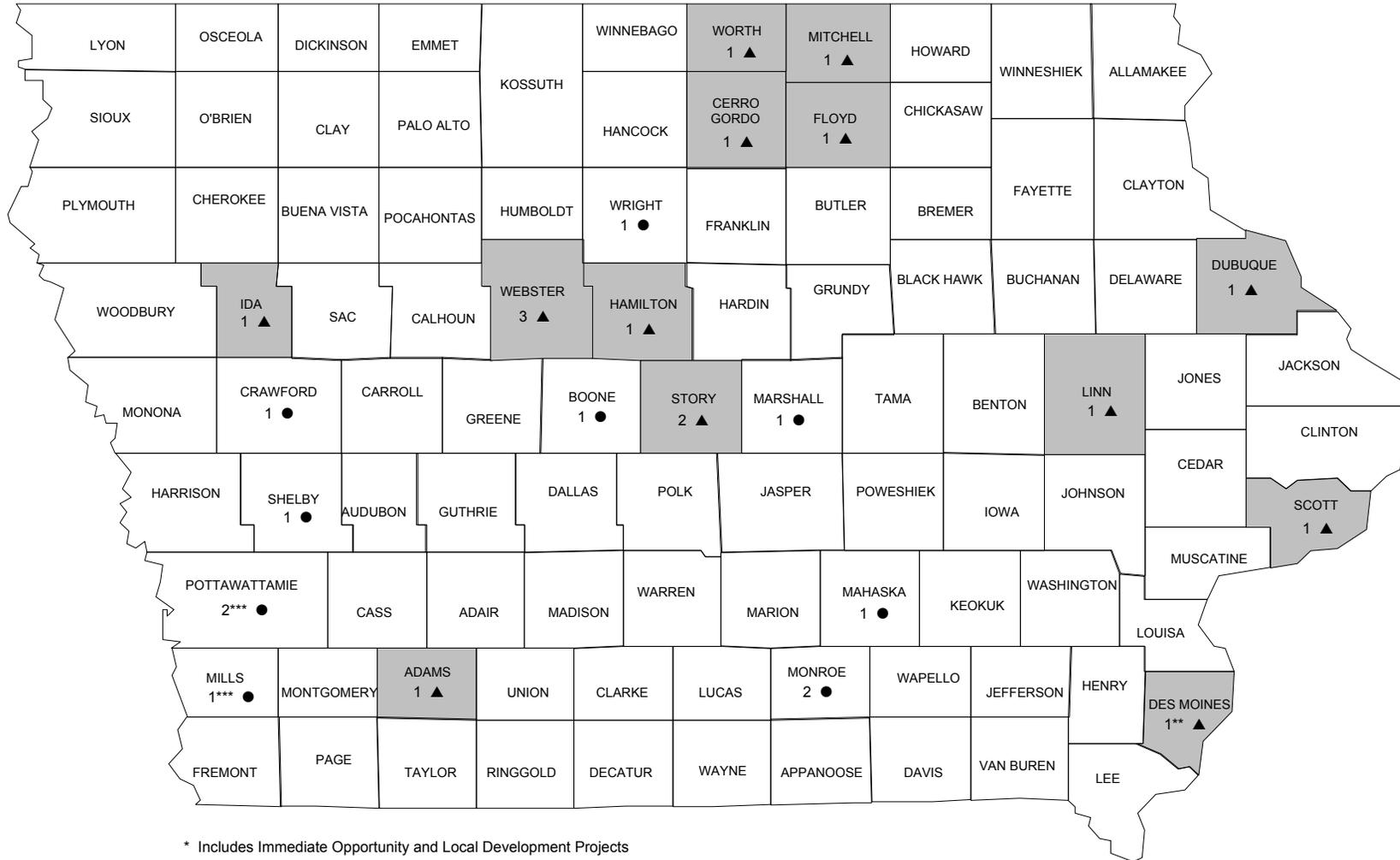
County	Road Project Providing Access To:		RISE Grant	RISE Cost Per Job	No. of Jobs Created	Assoc. Capital Investment (in millions)
	Biofuel Facility	Non-Biofuel Facility				
Buena Vista	✓		\$ 300,000	\$ 6,000	50	\$ 219.8
Chickasaw	✓		240,000	6,000	40	224.0
Hancock	✓		270,000	6,000	45	186.7
Ida	✓		78,000	6,000	13	14.9
Palo Alto		✓	268,000	4,542	59	4.2
Poweshiek	✓		288,000	6,000	48	172.0
Tama		✓	750,000	NA	NA	NA
Wapello	✓		330,000	6,000	55	250.0
Winnebago		✓	150,000	5,000	30	15.5
<b>Totals</b>			<u>\$ 2,674,000</u>	<u>\$ 45,542</u>	<u>340</u>	<u>\$ 1,087.1</u>

Source: Department of Transportation

**Attachment A** shows the number of county RISE projects in Iowa for the last five fiscal years (FY 2003 – FY 2007), including a comparison of RISE projects associated with biofuel facilities and non-biofuel facilities.

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## Number of County RISE Projects\* by County FY 2003 - FY 2007



\* Includes Immediate Opportunity and Local Development Projects

\*\* The RISE grant was awarded to Des Moines County and the City of West Burlington

\*\*\* One RISE grant was awarded to both Pottawattamie and Mills Counties

▲ No. of Biofuel County RISE Projects (Shaded Counties)

● No. of Non-Biofuel County RISE Projects